

PART 2000 - General

Subpart KK - Agreement Between Federal Deposit Insurance Corporation and  
Farmers Home Administration

§2000.1801 General.

The Farmers Home Administration (FmHA) has entered into an agreement with the Federal Deposit Insurance Corporation (FDIC) which sets forth certain procedures and responsibilities of the parties with regard to servicing of FmHA guaranteed loans in closed FDIC insured banks. The Agreement is attached as Exhibit A. FmHA officials should work closely and cooperate fully with FDIC officials in the implementation of this agreement.

§2000.1802 Notification and response dates.

Paragraphs 3 and 4 of the agreement contain specific notification and response dates of the parties which require diligent adherence.

§2000.1803 Servicing.

The agreement further provides that FDIC, after a 60-day postponement concerning some servicing responsibilities, will service all FmHA guaranteed loans in accordance with FmHA regulations and any applicable loan agreements.

§§2000.1804 - 2000.1850 [Reserved]

Attachment: Exhibit A

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DISTRIBUTION W, S, D, C

Administration  
General

AGREEMENT

This agreement is between Farmers Home Administration (FmHA) and Federal Deposit Insurance Corporation (FDIC).

The purpose of this Agreement is to clarify and define certain responsibilities of FmHA and FDIC with regard to FmHA guaranteed loan obligations and Conditional Commitments for Guarantee (Form RD 449-14 or Form RD 1980-15) in closed banks insured by the FDIC. It is not the purpose of this Agreement to abrogate existing rules and regulations of either the FDIC or FmHA.

Within twenty-four (24) hours following the closing of a bank, FDIC will so notify the FmHA State Director (SD) of the State in which the bank is located. This notification will provide the SD with the name of the closed bank, the FDIC official in charge of the closed bank, the address to which any written correspondence is to be sent, the telephone number of the FDIC at the closed bank, and a copy of FDIC's public notice regarding the latest date that claims can be filed against the closed bank's estate.

Not later than fifteen (15) business days after receipt of the above-mentioned notification, the SD will have provided the FDIC official in charge of the closed bank with a list of all FmHA guaranteed loans in the closed bank's loan portfolio. For each loan this list will include the FmHA case number, borrower's name, date of loan and original principal amount.

FDIC agrees to retain the lender servicing responsibilities for guaranteed loans (as outlined in the Lender's Agreement [Forms FmHA 449-35 or 1980-38], Title 7 CFR, Part 1980, Part 1841, Part 1843, and Part 1845 of FmHA regulations, and any loan agreement that was executed by the defunct lender with the borrower) until such time as those loans are purchased by an assuming bank or other eligible lender, or the indebtedness is refinanced and no longer guaranteed by FmHA. An eligible lender is defined by FmHA regulations. However, for 60 days after bank failure, the FDIC may postpone servicing requirements promulgated for FmHA guaranteed loans with the exception of those requirements pertaining to payment processing, preparation of loans for secondary market sale, insurance policy maintenance, tax payments and UCC filings necessary to perfect and/or protect the security interests of the lender. Thereafter, FDIC will service all FmHA guaranteed loans in accordance with the Lender's Agreement and any applicable loan agreements.

When FDIC services the loan, the FDIC is not responsible for any unilateral actions on the part of FmHA which cause a loss on the loan.

When a borrower has both FmHA guaranteed loans and other unguaranteed loans in a closed bank, collateral and lien positions as set forth in the loan documents will govern payment distributions. Before set-asides, windfalls or any other FmHA guaranteed borrower income is applied against any loan balances, FDIC and FmHA will agree as to the distribution of these funds.

The FDIC will not be required to subordinate its lien position without prior consent. The FDIC, when it acts as lender, may make protective advances for the protection and preservation of collateral securing FmHA guaranteed loans in accordance with the Lender's Agreement and applicable Subparts of Title 7 CFR, Part 1980.

When an FmHA Conditional Commitment for Guarantee had been issued to the closed bank, FmHA will issue its guarantee (Form RD 449-34 or Form RD 1980-27) provided all loan conditions have been met and the FDIC has issued the lender's certification (as required by section 1980.60 of 7 CFR, Part 1980, Subpart A), executed the Lender's Agreement, and paid the necessary guarantee fee as receiver for the closed bank. In addition, the FDIC will provide certification in a separate document that the entire principal amount of the loan, as shown on the Loan Note Guarantee, has been or will be advanced to the borrower. The FDIC will further certify that it will carry out the responsibilities of the lender as set out in the Loan Note Guarantee or Contract of Guarantee, the Lender's Agreement, the loan or line of credit agreement, and any other documents signed by the FDIC and the defunct lender in connection with the FmHA guaranteed loan.

FDIC will review each FmHA guaranteed farm operating or line of credit farm loan within 60 days of the bank's closing and determine if it is financially feasible to continue advancing loan funds in order for the borrower to complete the current crop year or the following crop year. Thereafter, as necessary, reviews will be conducted by FDIC to determine what future action is to be taken.

Each FmHA State Director agrees to provide the full and timely cooperation of that State's staff in support of FDIC loan servicing responsibilities as required in the Lender's Agreement.

This agreement may be amended at any time by written agreement of both parties.

This agreement shall take effect upon the later date shown below.

L. Wm. Leidman

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Chairman  
Federal Deposit Insurance Corporation

Vance L. Clark

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Administrator  
Farmers Home Administration

Date \_\_February 25, 1987

Date \_\_\_\_February 17, 1987\_\_\_\_